



Department of Banking and Finance
Mortgage Division
2990 Brandywine Road, Suite 200
Atlanta, Georgia 30341-5565
770-986-1017 Phone/770-986-1029 Fax

January, 2008

RE: Letter of Credit

O.C.G.A. 7-1-1003.2(d) provides that an irrevocable letter of credit from a federally insured financial institution payable to the Department in a form acceptable to this agency may be used to meet the bond requirement for a mortgage broker or mortgage lender license.

Attached for your review is the format for a letter of credit that is acceptable to the Department. The Letter of Credit **must** use this exact wording and be submitted to the Department on financial institution/issuer letterhead. Required information is noted in italicized brackets, and appropriate information for your circumstances should be inserted, removing the brackets.

A letter of credit must be in effect for a period of at least 365 days from the effective date set forth therein. The expiration date of the letter of credit will automatically be extended without amendments for successive 1-year periods unless at least 60 days prior to the then applicable expiration date the Department receives proper written notification that the Issuer does not elect to further extend. Under no circumstance will the expiration date be extended beyond 5 years.

NOTE – An expired letters of credit will **only** be returned to the Applicant or the Issuer upon request, and then no sooner than 2 years after the date on which it finally expired.

If you have any questions please contact the Department at renewal@dbf.state.ga.us.

FORM - IRREVOCABLE LETTER OF CREDIT MORTGAGE BROKER

(Place on Issuer's Letterhead Stationery)

ISSUER: *[Insert name and address of issuing bank]*

LETTER OF CREDIT NUMBER:

EFFECTIVE DATE:

APPLICANT: *[Insert name and address of Applicant]*

BENEFICIARY: STATE OF GEORGIA,
GEORGIA DEPARTMENT OF BANKING AND FINANCE
2990 BRANDYWINE ROAD, SUITE 200
ATLANTA, GA 30341

Dear Sir or Madam:

1. _____ *[Insert name of Issuer]* ("Issuer") hereby establishes its Irrevocable Letter of Credit No. _____ ("Letter of Credit") in favor of the State of Georgia, Georgia Department of Banking and Finance ("Beneficiary"), for the account of _____ *[Insert name of Applicant]*.
2. The amount of this Letter of Credit is 50,000 U.S. Dollars (\$50,000.00) (the "Credit Amount"). The Beneficiary shall be entitled to draw on Issuer under this Letter of Credit in amounts not exceeding, in the aggregate, the Credit Amount.
3. This Letter of Credit expires at 5:00 p.m. Eastern Time on _____ 20____, *[Insert date no sooner than 365 days after Effective Date of Letter of Credit]* ("Expiration Date"). The Expiration Date shall be automatically extended, without amendments, for successive one-year periods from the Expiration Date, unless at least sixty (60) days prior to the then applicable Expiration Date, the Beneficiary receives written notification via certified mail or overnight delivery from Issuer that Issuer, in its sole discretion, does not elect to extend the Expiration Date for any such additional period; provided, however, that in no event shall the Expiration Date be extended beyond _____ 20____. *[Insert date more than two but no more than five years from the Effective Date.]* If the Expiration Date is a date on which the

Issuer is not open for business, then the Expiration Date shall be the next date on which the Issuer is open for business.

4. Issuer undertakes to honor, at sight, a presentation made by the Beneficiary of the Original Letter of Credit on Beneficiary's own behalf and/or on behalf of any person damaged by noncompliance of the Applicant with the Georgia Residential Mortgage Act ("GRMA"), O.C.G.A. § 7-1-1000 *et seq.*; any rule promulgated thereunder; or any condition of this Letter of Credit. Presented contemporaneously to the Issuer by the Beneficiary with the Original Letter of Credit shall be a signed statement from Beneficiary's Commissioner or a Deputy Commissioner that _____
[Insert name of Applicant] has not complied with GRMA, any rule promulgated thereunder or any condition of such Letter of Credit, and the amount being claimed, irrespective of whether it is subject to dispute, has become due and owing as a result of such noncompliance and has not been paid.
5. Such documentation must be delivered to Issuer no later than 5:00 p.m. Eastern Time two years after the Final Expiration Date of this Letter of Credit. For purposes of this Letter of Credit, "Final Expiration Date" is the initial Expiration Date contained in paragraph 3 of this Letter of Credit plus any automatic extensions.
6. Upon request, but no sooner than two years after the Final Expiration Date, the Department will return this Letter of Credit to the Applicant or the Issuer.
7. Multiple and partial drawings are permitted provided that drawings honored by Issuer hereunder shall not, in the aggregate, exceed the Credit Amount, which shall be reduced by any partial draws.
8. The Beneficiary may designate, by any writing accompanying a demand for payment or otherwise delivered to Issuer prior to an actual payment being made under this Letter of Credit, that any drawing shall be honored by wire transfer to a custodian designated by the Beneficiary, and Issuer agrees to comply with any such instructions. In the absence of any written instructions from the Beneficiary to pay the Beneficiary's designated custodian, each drawing will be honored by Issuer by payment to the Beneficiary. If a drawing is presented at or prior to 11:00 a.m. Eastern Time on a day that the Issuer is open for business, payment of the amount

drawn shall be made by 4:00 p.m. Eastern Time on the same day. If a drawing is presented after 11:00 a.m. Eastern Time on a day that the issuer is open for business, payment of the amount drawn shall be made by 4:00 p.m. Eastern Time on the next business day. All payments by the Issuer shall be made in immediately available funds.

9. This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision), International Chamber of Commerce Publication No. 600 and the laws of the state of Georgia without regard to the choice of law rules of such state. In the event of any conflict, the laws of the state of Georgia will control without regard to the choice of law rules of such state. Any litigation related to this Letter of Credit shall be brought in the Superior Court of DeKalb County or, if there is federal court jurisdiction, alternatively, in the United States District Court for the Northern District of Georgia.
10. This Letter of Credit may be amended from time to time pursuant to the written application for such amendment submitted by the Applicant to the Issuer, but no such amendment shall take effect unless it is executed by the Issuer and expressly approved in writing by the Beneficiary.

Very Truly Yours,

[Insert name of Issuer]_____

BY: [Authorized Signature of Bank Officer]

(His/Her Printed Name and Title)

TITLE: _____

DATE: _____

[CORPORATE SEAL HERE]